

IRS Oversight Board

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For immediate release
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IRS Oversight Board Voices Grave Concerns over AMT Delay

(Washington, DC) In a letter to the leadership of the Senate Finance and the House Ways and Means Committees, the IRS Oversight Board voiced “grave concerns about the serious risks to the 2008 filing season if legislation to change the Alternative Minimum Tax (AMT) is delayed.”

“The Oversight Board believes the Treasury Department and IRS are both committed to doing what they can to mitigate the effects of possible AMT tax law changes. However, there is a limit to actions they can take,” the Board says in its letter.

Should legislation be enacted, the IRS must re-program and thoroughly test its systems before it can process electronic and paper tax returns. This process will take approximately seven weeks, according to the IRS. The Oversight Board estimates that a late filing season start date of January 28, 2008 will result in \$17 billion in delayed refunds, while a February 18, 2008 filing season start date will result in \$87 billion of delayed refunds.

The letter also points out that a large number of delayed tax returns could be especially troublesome if some taxpayers who have been filing electronically revert to paper filing. An influx of paper returns will drive up the cost of processing and delay refunds.

The letter concludes by urging Congress to take quick action to mitigate the risks of AMT changes to taxpayers. “Although it is difficult to quantify the exact impact with certainty, the risks are high and the effect on taxpayers is potentially very burdensome,” the Board states.

To read the complete letter and an accompanying issue paper, go to www.irsoversightboard.treas.gov/.

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